

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF
CALIFORNIA

Conditional Application of
PACIFIC GAS AND ELECTRIC
COMPANY (U 39 E) for a
Certificate of Public
Convenience and Necessity
Authorizing the Construction of
the Los Banos-Gates 500 kV
Transmission Project

Application No. A.01-04-012

COMMENTS OF THE WESTERN AREA POWER ADMINISTRATION REGARDING
PACIFIC GAS AND ELECTRIC COMPANY'S NOTICE OF WITHDRAWAL OF
CONDITIONAL APPLICATION NO.A.01-04-012

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Power Administration

I. INTRODUCTION

A. Brief description of Western Area Power Administration.

Western Area Power Administration (Western) is an agency of the U.S. Department of Energy. Western is a federal Power Marketing Administration that markets power from federal hydroelectric projects in the Western United States. Western's primary mission is to market and reliably transmit power from federal hydroelectric projects for project uses and to federal preference customers. Congress generally defines Western's preference customers as municipalities, rural electric cooperatives, irrigation districts, Indian Tribes, federal and state organizations. Western markets power at the lowest cost possible, consistent with sound business principles. Western annually markets approximately 10,000 megawatts of power to over 600 preference customers in fifteen western States, including California.

Western owns and operates an extensive, high-voltage power transmission system consisting of over 16,000 circuit miles. In northern California, Western owns the ninety-four circuit mile Malin-Round Mountain 500-kV transmission line (an integral section of the Pacific AC Intertie), 830 circuit miles of 230-kV transmission lines, seven circuit

miles of 115-kV transmission lines and forty-four miles of 69-kV transmission lines. In addition, Western is the operating agent for, and is a joint owner of the 350 mile 500-kV California Oregon Transmission Project.

B. Western is not intervening in these proceedings.

As a federal agency, Western does not normally intervene or comment in proceedings before the CPUC. However since there is an ongoing federal process that deals with Path 15 upgrades, Western is submitting these comments as a matter of comity to assist the California Public Utilities Commission to make an informed decision. With these comments, Western is not intervening in this proceeding.

II. WESTERN'S COMMENTS

On May 17, 2001, the National Energy Policy Report recommended that President Bush direct Secretary of Energy, Spencer Abraham, to authorize Western to explore relieving transmission constraints on Path 15. On May 28, 2001, Secretary Abraham directed Western to undertake the examination and to determine whether other private and public entities would be interested in financing and co-owning the upgrades. Under its authorities found in the federal Reclamation Laws, and consistent with other federal laws, Western issued a notice in the Federal Register

seeking statements of interest from parties to finance and co-own the transmission upgrades on Path 15.¹ Through this process, various public and private entities (Path 15 Participants) have been selected to participate in the transmission upgrades on Path 15. The participants that have executed a memorandum of understanding that memorialize their intent to participate include: Pacific Gas and Electric Company (PG&E), PG&E National Energy Group, Kinder Morgan, Transmission Agency of Northern California, Trans-Elect, Williams Energy Marketing and Trading Company and Western.²

Western expects that Path 15 upgrades will have an incremental rating of approximately 1500 megawatts in the south-north direction, thereby increasing the current system rating to 5400 MW. The Path 15 upgrades will consist of a new 84-mile, 500 kV transmission line between Los Banos and Gates substations in central California, terminal work at both substations and certain 230 kV system upgrades. The project will cost approximately \$300 million. The upgrades are anticipated to be in service by the summer of 2004. Western expects the project to move forward efficiently to meet the in service date. Each Path 15 Participant, including PG&E, will play an integral role

¹ 66 Fed. Reg. 114 (6/13/01).

in the timely completion of the project.

The CPUC may find many of the documents referenced in these comments (and other publicly available documents) at Western's Path 15 website. The link is:

<http://www.wapa.gov/SN/path15links.htm>

Western hopes that these comments will be helpful in assisting the CPUC to make an informed decision. If we can be of further assistance, please feel free to contact us.

Dated: November 13, 2001

Respectfully submitted,

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² Memorandum of Understanding dated October 16, 2001.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by CPUC in this proceeding.

Dated at Lakewood, Colorado, this 13th day of November 2001.

By

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